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BOB	4	REV DATE	26/03/80	BY	18991
ORIG COMP	38	ORI	38	TYPE	02
ORIG CLASS	S	PAGES	3	REV CLASS	C
JUST	22	NEXT REV	2010	AUTH	WD 70-2

9 December 1963

MEMORANDUM FOR: Chief, Confidential Funds Division

SUBJECT : Justification and Reduction of Functions, Improvement Suggestions, and 1963 Accomplishments.

1. Functions and Justifications

A. Maintains liaison with operating components in providing technical financial support for planning, implementation, and termination of operational activities.

(1) This phase of the O&L work is considered vital to the Agency in order to relieve the case officers of certain administrative details which, even if they had time, would normally not be technically qualified to perform.

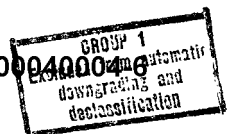
B. Conducts financial briefing for Chiefs of Stations and Agents.

(1) This function is a service provided by O&L so that COS's and Agents may be fully aware of their financial obligations. Because of the COS's innumerable duties, and his quite extensive authority, it is highly desirable to continue this briefing function.

Since agents have limited contact with administrative personnel to discuss various financial problems, this function should be continued. It is necessary that each Agent departing for overseas know, in detail, his entitlements, accounting procedures, cover company details, etc. Past experience has proven that it is imperative that agents be briefed prior to departure. The briefing of agents not only is beneficial to the agent, but greatly simplifies subsequent processing of his accountings and other administrative details.

C. Interprets and applies financial conditions of Administrative Plans and Fiscal Annexes, and assists in the preparation of the Fiscal Annexes.

(1) In granting advances and certifying project accountings, it is vital that a certifying officer satisfy himself that Agency funds are being properly advanced and accounted for. The certifying officers in this Branch carry out this important mission for the Agency. In addition to reviewing and implementing the conditions of Administrative Plans, the certifying officer assists in the preparation of Fiscal Annexes. Practice has proven the necessity for the certifying officer to assist in the preparation of Fiscal Annexes to insure that adequate controls are established.

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✓ 0 D. Audits and certifies accountings of Agents, projects, "B" Stations, and UV travel vouchers. Also processes cash advances for these expenses, excluding "B" Stations.

(1) The audit and certification of accountings is the most important service provided by the O&L Branch. In carrying out these duties, we are charged with the responsibility for insuring that all accountings are supported by receipts, that the mathematical computation is correct, and that supporting documents justify the expenditures. This phase of our work is important for the proper use and protection of Government funds.

X E. Interprets and applies Government and Agency policy and Regulations in granting advances and controlling expenditures of Confidential Funds.

(1) In carrying out the duties of audit previously mentioned, it is imperative that all auditors and certifying officers be fully familiar with Standardized Regulations and Agency Regulations. Because of the vast number of Regulations, considerable time is spent in the study of these Regulations in order that we may be able to carry out Agency policy.

X F. Responsible for practical training of SF and non-SF personnel being prepared for overseas duty.

(1) To supplement the formal training which is conducted by the Office of Training, it is necessary that SF and non-SF personnel receive practical training prior to departing for an overseas assignment. The O&L Branch carries out this part of training for personnel assigned to overseas stations who will perform financial duties. During the past year, it is estimated that training has been given to approximately 75 people. This is comprised of approximately 35 SF persons and 40 non-SF persons. Since it is imperative that all persons who handle cash be fully trained, we feel that we should continue the practical training which is given in this branch. In addition to the desirability of everyone being fully trained, our problems are reduced, to a large degree, in direct relationship to the training which the individuals have received.

2. T/O reduction - Functions reduced?

A. Eliminate Headquarters record keeping of certain expenditures of Class "B" Stations. Consider the possibility of granting representational allowances on a non-accountability basis.

B. Have BF officers certify all TDY vouchers and advances. This would not entail extra work by BF office, since the audit can be done at the time the voucher is prepared.

C. Audit only 10% of TDY vouchers under \$100.

3. Suggestions for next 2 years.

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A. Authorize commuted payments for foreign PCS travel, excluding HHE.

B. Have incoming PCS travel vouchers processed by Central Travel Branch. This has been previously approved by the DD/S.

C. Transfer processing of storage billings to Fiscal.

D. Submission of medical staff vouchers in a consolidated monthly accounting with payment to be made from a covert bank account by the Medical Staff.

E. Assign representatives from the Office of Finance to Central Cover Staff to assist in preparation of cover company agreements and Letters of Agreement.

4. Accomplishments

A. Established a central log in Registry which eliminated the individual logs in sections.

B. Established a cost factor with [REDACTED] on shipment of HHE.

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C. Reduced the number of PCS advances in O&L by having a certifying officer in CPB grant PCS advances to employees.

[REDACTED]

E. Eliminated the use of Transmittal Manifest in transmitting T/A's to Stations.

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F. Strengthened our requirements that cash refunds be made at the time travel vouchers are prepared thereby eliminating considerable follow ups on advances.

G. Initiated energetic campaign in clearing delinquent accounts thus reducing the amount of time required to follow up on these accounts.

H. Conducted internal training programs on audit of travel vouchers and "B" Station accountings.

I. Established a central point in the Branch for forwarding T/A's to Stations.

J. Incorporated the use of a multi-purpose form, Overseas Transfer Financial Record, thus consolidating three forms - Request for Advances, T/A's, and Foreign Duty Data Sheet.

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6 December 1963

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Compensation and Tax Accounts Branch

I. Principal Functions of Branch

A. Payrolling of all individuals paid from Confidential Funds:

1. Staff Employees [REDACTED]
2. Staff Agents
3. Contract Agents
4. Contract Employees

B. Control and payment of taxes withheld and issuance of the following types of tax documents:

C. [REDACTED]

D. Other functions

1. Maintenance of annual, sick, and home leave records
2. Retirement records
3. Social security records
4. Briefing of covert individuals concerning compensation and tax matters

Explanation of Functions

All of the above functions are mandatory and cannot be eliminated. There has been an increase in the number of persons payrolled in

DOC	5	REV	DATE	3/10/60	BY	010771
CHG	COMP	38	OP	38	TYPE	30
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recent years especially in the categories of Staff Agents and Contract personnel. The payrolling of these individuals is particularly difficult because of cover, tax, special contract considerations, and covert methods of payment. Because of the increase in covert personnel since 1957, the number of [REDACTED]

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[REDACTED] has increased by seventy (70) per cent.

Also, the payrolling of all individuals on confidential funds has become more difficult because of a considerable increase in the number of elements included in the payrolling process; such as, deductions for state taxes, hospitalization, bonds, and various agency-sponsored programs.

Any appreciable reduction in work load could be accomplished only by a substantial reduction in the number of persons payrolled.

II. Effect of Reduced T/O

A reduction of three positions in the Compensation and Tax Accounts Branch would have the following effects:

- A. Limit the time which could be spent in briefing of personnel.
- B. Delay the processing of information to field stations and Headquarters components.
- C. Some delays in the processing of normal payroll actions.
- D. Delay in the processing of [REDACTED]

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We wish to point out that although there has been a substantial increase in both the number of covert individuals payrolled and the complexity of operations, there has been no increase in the T/O of C&TAB.

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III. Anticipated Changes and Improvements

It is believed that if the following changes are implemented in the next two years, some reduction in manpower requirement may be possible:

- A. Establishment of retirement records and controls through mechanical processes.
- B. Mechanization of leave records.
- C. Modification of payroll methods through use of the electronic computer.

IV. Improvements in Past Year

- A. A great amount of time has been spent in the past year in planning and developing procedures to convert the confidential funds payroll to an electronic computer system. It is believed that the conversion will result in increased efficiency and performance.
- B. Because of the frequent turnover of personnel during the past year, it has been necessary to devote much time to training. Most of the personnel recruited has had little or no previous working experience.
- C. Some payroll reports have been established on the computer; namely, the Payroll Journal and individual earnings record (Ledger) which has resulted in more timely processing.

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